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August 31, 2004

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VIA ELECTRONIC MAIL

B. Todd Vinson
Kelley, Drye & Warren LLP
333 West Wacker Drive
Suite 2600
Chicago, IL 60606

**RE: January 7, 2003 License Agreement between Erie Power
Technologies, Inc. and Victory Energy Operations, LLP**

Dear Mr. Vinson:

This office represents Erie Power Technologies, Inc. ("EPTI"). This letter is in response to your August 20, 2004 letter to Robert Gdaniec.

EPTI is aware of Clause 5.e of the above-referenced License Agreement. EPTI believes that it has fully complied with this Clause and will continue to comply with this Clause. You have our assurance that EPTI will not knowingly disclose any Licensee Confidential Information. At the same time, however, EPTI is not aware of any information received to date from Victory Energy Operations, LLC ("VEO") that it would consider to be confidential information. Please advise what information VEO deems to be confidential.

We take this opportunity to remind VEO of its obligations to maintain the confidentiality of EPTI's confidential information (Clause 5.a of the License Agreement). EPTI's confidential information includes "any data or information disclosed hereunder (whether written, oral or graphical) that relates to Licensor's products, technology, research, development, customers or business activities, and which is confidential or proprietary to or a trade secret of Licensor." Further, as you may know, VEO has violated the terms of the License Agreement on several occasions, and EPTI has been attempting to work with VEO to ensure that such violations do not continue.

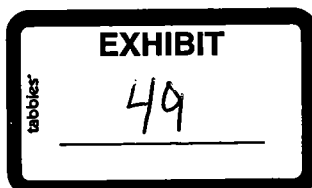
EPTI and its successors and assigns will continue to comply with the terms of the License Agreement, but we also expect VEO to conform its conduct immediately to the terms of that agreement. VEO's failure to do so may result in Debtor's termination of the Agreement. If you have any questions or concerns, please do not hesitate to call.

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Very truly yours,



Keith E. Whitson

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